

- (b) if so, the extent of reduction in the prices together with the names of such produces;
- (c) whether the dividend of Steel Authority of India Ltd. will be reduced due to reduction in the sale price;
- (d) if so, the assessment in this regard; and
- (e) whether the SAIL will suffer losses in 2008-09 instead of earning profit?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI JITIN PRASADA):
(a) and (b) The steel sector in the country is deregulated and therefore the prices are determined by the steel producers depending upon the market conditions. Therefore Government does not decide the selling price of steel. However, with a view to manage the rising inflation in the country, the Government has held extensive discussions with major steel producers as well as secondary steel producers during first week of April'08. As a result of these deliberations, the steel producers, sharing the concern of the Government towards rising inflationary trend in the country, voluntarily reduced the price of different long products, which includes bars, rods and structurals, used by even the common man for housing by amount ranging Rs. 4000-5000 per tonne. SAIL, RINL, Tata Steel and Essar Steel are the major producers, which voluntarily reduced their prices.

(c) and (d) Steel Authority of India Limited pays dividend as per the Government Guidelines subject to the recommendation of SAIL Board and approval by the shareholders.

(e) As per the Memorandum of Understanding (MoU) 2008-09 between Steel Authority of India Ltd. and Ministry of Steel, the estimated profit before tax is Rs. 7490 crore. However, the profit will depend upon various factors like cost of inputs, market condition, production and sales volume, product mix and techno-economic parameters.

Demand, production and price of steel

3535. SHRI SU. THIRUNAVUKKARASAR: Will the Minister of STEEL be pleased to state:

- (a) whether his Ministry is aware that the steel price is increasing every day;
- (b) the total production of steel in the country;
- (c) the total estimated demand in the country; and
- (d) the steps taken to control the price rise of steel?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL (SHRI JITIN PRASADA):
(a) The Government is aware of the fact that the steel prices, both domestically as well as internationally, have witnessed an up trend in the recent times.

(b) The table below shows the production of crude steel and the production for sale of total finished steel (alloy and non-alloy) in the country in the last three years.

Year	Unit: '000 tonnes				
	Production of crude steel	Production for sale of total Finished steel (alloy+non-alloy)			
		Alloy	Non-alloy	Total	
2005-06	46460	2176	44390	46566	50196
2006-07	50817	2333	52529		52750
2007-08*	53904	2510	55260		

SOURCE : JPC; * = provisional

(c) Demand for steel is indicated by the parameter consumption of steel, defined as Production+Imports-Exports+Variation in Stocks. Data on consumption of total finished steel (non-alloy and alloy) in the country during the last three years is shown in the table below:

Year	Total Finished Steel Consumption** ('000 tonnes)		
	Non-alloy	Alloy	Total
2005-06	39185	2248	41433
2006-07	44328	2455	46783
2007-08*	49300	2500	51800

SOURCE : JPC; * = provisional; ** = after accounting for double counting

(d) The Government has taken the following measures for stabilizing the steel prices in the domestic market and is also closely monitoring the movement in steel prices and will take additional appropriate measures, as per the situation.

- (i) In the Union Budget Proposal 2008-09, the import duty on melting scrap has been reduced from 5% to NIL.
- (ii) General Rate of Excise Duty has also been reduced from 16% to 14% in the Union Budget Proposal 2008-09.
- (iii) DEPB benefits on export of various categories of steel products have been withdrawn w.e.f. 27.03.2008.

International price of steel

3536. SHRI DHARAM PAL SABHARWAL: Will the Minister of STEEL be pleased to state:

- (a) whether the Government is aware that raw material prices such as coking coal, energy prices and other raw material have increased during the last one year;
- (b) if so, the details of increase of raw material used for making steel;
- (c) whether it is a fact that domestic steel prices are still lagging behind international steel prices;
- (d) if so, what are the average domestic steel prices as compared to international steel